

THE EFFECTIVE DATE OF THIS ORDINANCE IS MAY 19, 2009

ORDINANCE NO. 09-13-517

Re: Changes to the Bond Rating Enhancement Reserve

PREAMBLE

The Board of County Commissioners ("BOCC") created the Bond Rating Enhancement Reserve by Ordinance 03-14-337 codified as Sections 1-8-401 and following of the Frederick County Code.

The BOCC now desires to make changes to the Bond Rating Enhancement Reserve.

The BOCC held a duly advertised public hearing on May 19, 2009. The public had an opportunity to comment at this public hearing.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF FREDERICK COUNTY, MARYLAND, that Frederick County Code Sections 1-8-401, 1-8-404 and 1-8-405 be amended to read as follows:

**§1-8-401. ESTABLISHMENT AND PURPOSES.**

- (A) There is a bond rating enhancement reserve.
- (B) The purposes of the bond rating enhancement reserve are:
  - (1) To enhance, preserve and safeguard the bond rating of Frederick County.
  - (2) To protect the financial integrity of Frederick County.

---

**CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] and ~~strikethroughs~~ indicate matter deleted from existing law.**

(3) To designate fund balance for this bond rating enhancement reserve that is not to be expended [~~for any other purpose~~] absent extreme [~~exigent~~] circumstances.

#### **§ 1-8-404. BUILD UP OF RESERVE.**

(A) It is the intent of the Board of County Commissioners that~~[-, by June 30, 2010,]~~ the bond rating enhancement reserve shall be at an amount no less than 3% of the general fund expenditures and transfers to the board of education, the Frederick Community College, and the Frederick County public libraries for the prior fiscal year.

(B) To begin to build the bond rating enhancement reserve to at least 3% [~~by June 30, 2010~~], the Board of County Commissioners has designated \$2 million of fund balance as of June 30, 2003 to the bond rating enhancement reserve.

~~[(C) At the conclusion of each subsequent fiscal year, the bond rating enhancement reserve shall be funded so that it has a balance in an amount of at least the greater of:~~

~~—— (1) One half of one percent of the general fund expenditures and transfers to the Board of Education, the Frederick Community College, and the Frederick County public libraries, or~~

~~—— (2) Seven tenths of one percent of the county's general fund supported general obligation debt.~~

~~—— (D) If the balance to be funded in division (C) above exceeds 3% of the general fund expenditures and transfers to the Board of Education, the Frederick County Community College and the Frederick County public libraries, then the bond enhancement reserve needs only to be funded at 3% of the general fund expenditures and transfers to the Board of Education, the Frederick County Community College and the Frederick County public libraries.]~~

#### **§ 1-8-405. EXPENDITURE AND RESTORATION OF RESERVE.**

(A) To carry out the purposes of this [~~ordinance~~]ORDINANCE, fund balance placed in the bond rating enhancement reserve is intended to remain in the reserve and is not to be expended for any other purpose except as provided in this section.

(B) The bond rating enhancement reserve may be expended only if the board of county commissioners:

(1) Holds a duly advertised public hearing, and

---

**CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**

**[Brackets] and strikethroughs indicate matter deleted from existing law.**

(2) Adopts an ordinance with a specific finding that the expenditure of these bond enhancement reserves is necessary because of extreme [~~exigent~~] circumstances.

(C) [~~Exigent~~] EXTREME circumstances exist [~~only~~] if (1) unexpected expenditures are required in excess of the expenditures and contingency fund provided for in the annual budget[.] OR (2) THE BOARD OF COUNTY COMMISSIONERS DETERMINES THAT THE EXPENDITURES ARE NECESSARY TO ADDRESS BUDGET NEEDS.

(D) Any withdrawals from the bond rating enhancement reserve [~~shall~~] MAY be restored to the reserve as [~~follows~~]:

~~— (1) Withdrawals up to 25% of the reserve shall be restored within five fiscal years;~~

~~— (2) Withdrawals of 25% of the reserve up to 50% of the reserve shall be restored within eight years;~~

~~— (3) Withdrawals of 50% of the reserve up to 75% of the reserve shall be restored within ten years; and~~

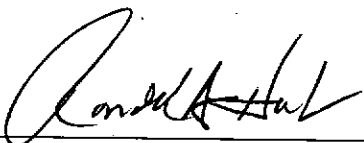
~~— (4) Withdrawals of 75% of the reserve up to 100% of the reserve shall be restored within twelve fiscal years.]~~ THE BOARD OF COUNTY COMMISSIONERS DEEMS APPROPRIATE.

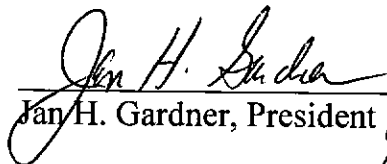

AND BE IT FURTHER ENACTED AND ORDAINED that this Ordinance shall take effect on May 19, 2009.

The undersigned hereby certifies that this Ordinance was approved and adopted on the 19th day of May, 2009.

ATTEST:

BOARD OF COUNTY COMMISSIONERS  
OF FREDERICK COUNTY, MARYLAND

  
\_\_\_\_\_  
Ronald A. Hart  
County Manager

  
\_\_\_\_\_  
Jan H. Gardner, President 

-----  
CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] and ~~strikethroughs~~ indicate matter deleted from existing law.